



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: March 14, 2003
TO: Division of Commission Clerk and Administrative Services
FROM: Tony Sargent, Professional Accountant, Division of Economic Regulation
RE: Docket No. 021228-WS - application for staff assisted rate case in Brevard County by Service Management Systems, Inc.

The attached letter was sent to the Division of Economic Regulation. Please include it in the official docket file for Docket No. 021228-WS.

Thank you.

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March 13, 2003

**Marshall Willis, CPA
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850**

**Re: Service Management Systems, Inc.; PSC Docket No. 021228-WS
Application for Staff Assisted Water and Sewer Rate Increase in Brevard County
Our File No. 35082.01**

Dear Marshall:

I am in receipt of your letter of March 10, 2003 in response to my letter of March 4, 2003 concerning the above-referenced case and the costs related to review of the audit findings. My March 4, 2003 letter to you was because the audit of rate base undertaken in the transfer proceeding was ultimately not necessary for the transfer proceedings since that case became a case of Transfer of Majority Organizational Control rather than a transfer of assets. Therefore, I believe that the audit itself and also the cost of reviewing the audit, was more correctly applicable to the rate case proceeding than to the TMOC. That was the sole point of my letter. This is not a case where an audit was used for one purpose and was subsequently used for another as referenced in your letter.

I can assure you that we will attempt to keep costs at a minimum. That is why we have instructed the client that we would participate only in the review of the audit findings and the staff recommendation and informed them that in a Staff Assisted Rate proceeding it is more appropriate that the company itself deal directly with the staff on most other issues that arise. It has always been our intention to keep costs to a minimum and we will continue to do so. However, in light of the fact that the Utility's only opportunity for response to the staff findings is through a response to the audit and the staff recommendation, and because the Utility has no right to protest a Staff Assisted Rate Case once finalized, I still believe strongly that a company should be entitled to some representation and expert review of the staff findings in a Staff Assisted Rate Case. The Commission has in the past generally agreed with that proposition, as long as costs are kept to reasonable levels.

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Marshall Willis
March 13, 2003
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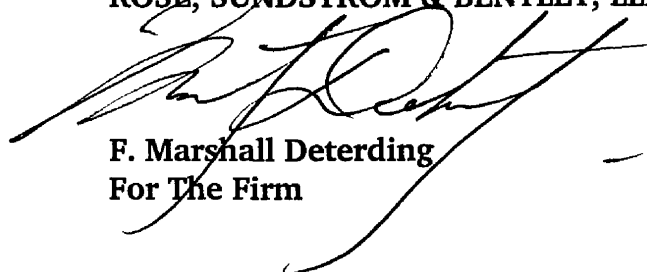
We look forward to working with the staff in this upcoming case and hope that there will be little need for our participation or the participation of Bob Nixon and therefore, the accumulation of any significant additional rate case expenses.

We will prepare an estimated rate case expense estimate approximately three weeks before the staff recommendation is due to be filed in the Staff Assisted Rate Case and will provide that information to you at that time.

If you have any questions or if I can be of any further assistance, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD\tms

cc: Ralph Jaeger
Brian Fitch
Troy Rendell
Tony Sargent
Jim Bates
Marty Sadkin

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